

Reorganized STFI or its property. Nothing contained herein shall require ATLT, or any other party, to attempt to locate any Holder of an Allowed Claim.

7.4 **Compliance with Tax Requirements/Allocations** In connection with the Plan, to the extent applicable, ATLT shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all Distributions pursuant hereto shall be subject to such withholding and reporting requirements. In addition, ATLT will pay taxes on the taxable net income or gain allocable to Holders of Disputed Claims on behalf of such Holders and, when such Disputed Claims are ultimately resolved, Holders whose Disputed Claims are determined to be Allowed Claims will receive Distributions from ATLT net of the taxes that ATLT had paid previously on their behalf.

7.5 **Record Date for Distribution** At the close of business on the Initial Effective Date, the transfer register for the ATI Notes shall be closed and there shall be no further changes in the record Holders of any ATI Notes. Moreover, ATLT shall have no obligation to recognize the transfer of any ATI Notes occurring after the Initial Effective Date, and shall be entitled for all purposes herein to recognize and deal only with those Holders of record as of the close of business on the Initial Effective Date.

7.6 **Fractional ATLT Certificates and De Minimis Distributions** ATI T Certificates shall be issued in whole numbers only. There shall be no fractional shares of ATLT Certificates. No Cash payment of less than \$250.00 shall be required to be made to the Holder of any Allowed Claim until the final date on which Cash is distributed to Holders of Allowed Claims pursuant to this Plan.

7.7 **Set-offs and Recoupments** The Debtors or ATLT may, but shall not be required to, set-off against or recoup from any Allowed Claim on which payments are to be made pursuant to the Plan, any claims of any nature whatsoever (except for those claims and rights (including, without limitation, set off rights) constituting Acquired Assets) the Debtors or ATLT may have against the Holders of such Claim that is not released under Article X of the Plan and the Distributions to be made pursuant hereto on account of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors of any such Claim the Debtors may have against the Holder of such Claim.

7.8 **Surrender of Canceled Instruments or Securities** As a condition precedent to receiving any Distribution pursuant to the Plan on account of an Allowed Claim, the Holder of such Claim shall tender the applicable instruments, securities or other documentation evidencing such Claim to ATLT, and in the case of the Credit Agreement, the agent under the Credit Agreement shall have either (a) delivered such release documents as requested by the Debtors (at the Debtors' expense) or (b) provided a letter of authorization to the Debtors to execute and release any instruments, securities or other documentation securing the Senior Lenders Claim. Any Distribution to be distributed pursuant to the Plan on account of any such Claim shall, pending such surrender, be treated as an undeliverable Distribution pursuant to Section 7.3 hereof. Any Holder of such Claim that fails to (i) surrender such instrument, security, note or other documentation evidencing such Claim or (ii) execute and deliver an affidavit of loss and/or indemnity reasonably satisfactory to the Plan Administrator, before the first (1st) anniversary of the Initial Effective Date shall be deemed to have forfeited all rights and Claims and may not participate in any distribution under the Plan. Any distribution so forfeited shall become property of ATLT.

7.9 **ATI Notes** The Distributions to Holders of Allowed ATI Note Claims shall be made by the ATI Note Trustees as agents and shall be made in accordance with the ATI Note Indentures and this Plan.

ARTICLE VIII

PROCEDURES FOR TREATING DISPUTED CLAIMS

8.1 **Objections to Claims** After the Initial Effective Date and on or before the Claims Objection Deadline, ATLT shall have the authority to file objections to Claims or Equity Interests. ATLT may settle, compromise, withdraw or litigate to judgment objections to Claims without further Bankruptcy Court approval.

8.2 **No Distributions Pending Allowance** Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or Distribution provided hereunder shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim, in whole or in part, provided, however, that the resolution of a Disputed Claim shall not preclude ATLT from commencing an Avoidance Action against the Holder of such Disputed Claim. No interest shall accrue on such Disputed Claim until the date that such Disputed Claim becomes an Allowed Claim.

8.3 **Personal Injury Claims** Notwithstanding anything to the contrary contained herein, all Personal Injury Claims are Disputed Claims. No Distributions shall be made on account of any Personal Injury Claim unless and until such Claim is liquidated and becomes an Allowed Claim. Any Personal Injury Claim which has not been liquidated prior to the Initial Effective Date and as to which a proof of Claim was timely filed in the Chapter 11 Cases, shall be determined and liquidated either (i) in the Bankruptcy Court or (ii) in the administrative or judicial tribunal in which it is pending on the Initial Effective Date or, if no action was pending on the Initial Effective Date in any administrative or judicial tribunal of appropriate jurisdiction. Any Personal Injury Claim determined and liquidated (a) pursuant to a judgment obtained in accordance with this Section 8.3 and applicable nonbankruptcy law which is no longer applicable or subject to review, or (b) in any alternative dispute resolution or similar proceeding as same may be approved by order of a court of competent jurisdiction, shall be deemed, to the extent applicable, an Allowed Claim in Class 4 in such liquidated amount and treated in accordance with Section 3.4(a) of the Plan. Nothing contained in this Section 8.3 shall constitute or be deemed a waiver of any Claim, right, or Cause of Action that the Debtors may have against any person in connection with or arising out of any Personal Injury Claim including, without limitation, any rights under section 157(b) of title 28 of the United States Code.

8.4 **Estimation of Claims** The Debtors or the Creditors Committee (prior to the Initial Effective Date) or ATLT (after the Initial Effective Date) may, at any time, and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether an objection was previously filed with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim against any party or Entity as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors, the Creditors Committee, or ATLT, with the consent of the Creditors Committee or Debtors as applicable, which shall not be unreasonably withheld, may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court. To the extent that any Disputed Claim constitutes an Assumed Liability under the Purchase Agreement, the Debtors, the Creditors Committee or ATLT, as applicable, will consult with the Buyer in connection with estimation of such Disputed Claim.

8.5 **Distributions Relating to Allowed Insured Claims** Distributions under the Plan to each Holder of an Allowed Insured Claim shall be in accordance with the treatment provided under Section 3.4(a) of the Plan for Class 4, provided, however, that in no event shall the Allowed amount of an Insured Claim exceed the maximum amount that the Debtors are required to pay in respect of such Insured Claim pursuant to any pertinent insurance policies and applicable law. Nothing contained herein shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including, without limitation, insurers under any policies of insurance.

8.6 **Disputed Claims Reserve** On the Initial Effective Date (or as soon thereafter as is practicable), ATLT shall establish the Disputed Claims Reserve, which may be established through one or more accounts, and shall reserve in respect of each Disputed Claim, Cash, ATLT Certificates, as applicable, that would have been distributed to the Holder of such Disputed Claim if such Disputed Claim had been an Allowed Claim on the Initial Effective Date in an amount equal to the least of (i) the amount of the Claim filed with the Bankruptcy Court, or, if no amount was specified, an amount determined by the Debtors and the Creditors Committee, (ii) if no Claim was filed, the amount listed by the Debtors in the Schedules as not disputed, contingent or unliquidated, or (iii) the amount, if any, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code. Any Cash

reserved by ATLT on account of Disputed Claims shall be set aside segregated and held in interest-bearing accounts or certificates of deposit. Notwithstanding anything to the contrary contained herein, the amount of Cash (including interest actually earned thereon) and the ATLT Certificates reserved in respect of any Disputed Claim shall constitute the maximum amount of Cash and ATLT Certificates to be distributed to the Holder of such Disputed Claim.

8.7 **Distributions After Allowance** ATLT shall distribute from the Disputed Claims Reserve to the Holder of any Disputed Claim that has become an Allowed Claim no later than the fifth business day after the end of the calendar month in which such Disputed Claim becomes an Allowed Claim, Cash plus any interest actually earned on such Cash or ATLT Certificates, as applicable in amounts equal to the Cash or ATLT Certificates that such Holder would have received on account of such Claim if such Claim had been an Allowed Claim on the Initial Effective Date.

8.8 **Distributions After Disallowance** If a Disputed Claim is disallowed in whole or in part, ATLT shall on a quarterly basis if aggregate distribution in the first quarter are over \$5 million (otherwise, the Plan Administrator may determine in its discretion), redistribute to the Holders of Allowed Unsecured Claims in accordance with the terms of this Plan each such Holder's pro rata share of the Cash (including interest actually earned thereon) and ATLT Certificates reserved in respect of such disallowed Disputed Claim.

8.9 **Controversy Concerning Impairment** If a controversy arises as to whether any Claims are Impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy before the Confirmation Date.

ARTICLE IX

EFFECTIVENESS OF THE PLAN

9.1 **Conditions Precedent to Initial Effective Date** The Plan shall become effective with respect to (i) ATL, (ii) ATCW and (iii) any Subsidiary that does not hold or constitute a Non-Transferred Asset, after the following conditions have been satisfied or waived pursuant to Section 9.4 of the Plan:

(a) The Confirmation Order in form and substance reasonably acceptable to the Debtors, the Senior Lenders, the Creditors Committee and, if applicable, the Buyer shall have been entered by the Bankruptcy Court and shall have become a Final Order. Without limiting the generality of the foregoing, the Confirmation Order shall be in accordance with the terms and conditions of the Purchase Agreement, including but not limited to Section 6.3(a) and 6.3(b) of the Purchase Agreement.

(b) All actions, documents, instruments, and agreements, including the Certificates of Incorporation and By-laws of Reorganized STFI, each of the other Plan Documents and the Transaction Documents (as defined in the Purchase Agreement) necessary to implement and effectuate the Plan and the Purchase Agreement shall have been taken or executed and delivered, as the case may be.

(c) The Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement and effectuate the Plan and the Purchase Agreement.

(d) If applicable, each of the conditions to Closing under the Purchase Agreement shall have been satisfied or waived in accordance with the provisions thereof.

(e) The Closing (including the Early Funding Date) under the Purchase Agreement shall occur prior to or simultaneously with the effectiveness of the Plan.

9.2 **Conditions Precedent to NTA Effective Date** With respect to each Subsidiary that holds or constitutes a Non-Transferred Asset, the Plan shall become effective after the following conditions have been satisfied or waived pursuant to Section 9.4 of the Plan:

(a) The Initial Effective Date shall have occurred

(b) All actions, documents, instruments, and agreements including the Certificates of Incorporation and By-laws of the Reorganized Subsidiaries that hold or constitute Non-Transferred Assets each of the other Plan Documents and the Transaction Documents (as defined in the Purchase Agreement) necessary to implement and effectuate the Plan and the Purchase Agreement with respect to the Non-Transferred Assets shall have been taken or executed and delivered, as the case may be

(c) The Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement and effectuate the Plan and the Purchase Agreement with respect to the Non-Transferred Assets

9.3 **Effect of Failure of Conditions** In the event that one or more of the conditions specified in Section 9.1 of the Plan have not occurred or been waived on or before the date that is one (1) year after the Confirmation Date but subject to the terms and conditions of the Purchase Agreement (including, without limitation, the Early Closing Election rights of the Buyer thereunder) (a) the Confirmation Order shall be vacated, (b) no Distributions under the Plan shall be made, (c) the Debtors (with respect to their rights in connection with Claims and Equity Interests) and all Holders of Claims and Equity Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred provided, however, that such restoration shall not restore liens held by any Entity against the Acquired Assets and shall not affect the assumption or assignment of any Assumed Contracts or the cure amounts associated with such assumption or assignment, and (d) the Debtors' obligations with respect to Claims and Equity Interests shall remain unchanged and nothing contained in the Plan shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any other Person or Entity or to prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors

9.4 **Waiver of Conditions** The Debtors, with the written consent of the Creditors Committee, if applicable, which consent shall not be unreasonably withheld, delayed or conditioned, and the Buyer may waive one or more of the conditions precedent to effectiveness set forth in Section 9.1 of the Plan

ARTICLE X

EFFECT OF CONFIRMATION OF PLAN

10.1 **Binding Effect** The Plan shall be binding upon and inure to the benefit of the Debtors, the Reorganized Subsidiaries, Reorganized STFI, the Buyer, ATLT, all Holders of Allowed Claims and their prospective successor and assignees including, but not limited to, all parties in interest in the Chapter 11 Cases, including Professionals

10.2 **Term of Injunction or Stays** Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Initial Effective Date

10.3 **Preservation of Avoidance Actions** On and after the Initial Effective Date, any and all Avoidance Actions shall be preserved and retained by ATLT, which shall have the exclusive right to enforce, settle and prosecute any such Avoidance Actions subject to the terms and conditions of the Purchase Agreement for the benefit of the Holders of Allowed Unsecured Claims. ATLT may pursue, abandon, settle or release any or all Avoidance Actions, as it deems appropriate, without the need to obtain approval or any other or further relief from the Bankruptcy Court. ATLT may offset any claim supporting an Avoidance Action against any payment due to an Entity under the Plan

10.4 **Retention of Causes of Action/Reservation of Rights**

(a) Nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights or Causes of Action that the Debtors, ATLT, or Reorganized STFI may have or

which ATLI may choose to assert on behalf of the Debtors' Estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Claims against any Person or Entity to the extent such Person or Entity asserts a crossclaim, counterclaim, and/or Claim for set-off which seeks affirmative relief against the Debtors, ATLT, the Buyer, Reorganized Subsidiaries, Reorganized STFI, their officers, directors, or representatives, or (ii) the turnover of any property of the Debtors' Estates. To the extent this provision conflicts with the Purchase Agreement, the terms and conditions of the Purchase Agreement shall control. Without limiting the generality of the immediately preceding sentence, ATLT may not assert any Cause of Action, Claim, right of set off or other legal or equitable defense that constitutes an Acquired Asset.

(b) Nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any Claim, Cause of Action, right of set-off, or other legal or equitable defense which the Debtors had immediately prior to the Commencement Date, against or with respect to any Claim left Unimpaired by the Plan. ATLT shall have, retain, reserve, and be entitled to assert all such Claims, Causes of Action, rights of set-off, and other legal or equitable defenses which the Debtors had immediately prior to the Commencement Date fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights respecting any Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced. To the extent this provision conflicts with the Purchase Agreement, the terms and conditions of the Purchase Agreement shall control. Without limiting the generality of the immediately preceding sentence, ATLT may not assert any Cause of Action, Claim, right of set off or other legal or equitable defense that constitutes an Acquired Asset.

10.5 Releases by the Debtors. As of the Initial Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors as debtors in possession, will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (other than the rights of the Debtors or ATLT to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered hereunder) whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Initial Effective Date in any way relating to the Debtors, the Chapter 11 Cases, the Plan, or the Disclosure Statement, and that could have been asserted by or on behalf of the Debtors, or their Estates against (a) the current or former representatives, directors, officers and employees of the Debtors and the Debtors' agents, advisors and Professionals, in each case in their capacity as such, (b) the Holders of ATI Note Claims and the ATI Note Trustees, in each case in their capacity as such, (c) the Holders of the Senior Lender Claims, (d) the current or former members of the Creditors Committee and the advisors and attorneys for the Creditors Committee, in each case in their capacity as such, (e) the Buyer, and (f) the respective affiliates and current or former representatives, officers, directors, employees, agents, members, direct and indirect shareholders, advisors, attorneys and professionals of the foregoing, in each case in their capacity as such; provided, however, nothing in this Section 10.5 of the Plan shall effect a release in favor of any person other than the Debtors with respect to Causes of Action based on willful misconduct, criminal conduct, misuse of confidential information that causes damage, fraud, ultra vires acts or gross negligence.

10.6 Releases by Holders of Claims and Equity Interests. On the Initial Effective Date, each Holder of a Claim or Equity Interest shall be deemed to forever release, waive and discharge all Claims, Equity Interests, demands, debts, rights, causes of action or liabilities, whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Initial Effective Date in any way relating to the Debtors, the Chapter 11 Cases, the Plan or the Disclosure Statement against (a) the current or former representatives, directors, officers and employees of the Debtors and the Debtors' agents, advisors and Professionals, in each case in their capacity as such, (b) the Holders of ATI Note Claims and the ATI Note Trustees, in each case in their capacity as such, (c) the Holders of the Senior Lender Claims, (d) the current or former members of the Creditors Committee and the advisors and attorneys for the Creditors Committee, in each case in their capacity as such, (e) the Buyer, (f) the ATI Note Trustees, and (g) the respective affiliates and current or former representatives, officers, directors, employees, agents, members, direct and indirect shareholders, advisors, attorneys and professionals of the foregoing, in each case in their capacity as such, provided, however, nothing in this Section 10.6 of the Plan shall effect a

release in favor of any person other than the Debtors with respect to Causes of Action based on willful misconduct, criminal conduct, misuse of confidential information that causes damage, fraud, ultra vires acts or gross negligence

10.7 Release of Buyer. In consideration for the Cash and XO Common Stock to be provided under the Purchase Agreement (a) Buyer, its Affiliates (as defined in the Purchase Agreement) and all of Buyer's direct and indirect subsidiaries, (b) Buyer's and all of Buyer's Affiliates (as defined in the Purchase Agreement) and all of Buyer's direct and indirect subsidiaries' members, officers, directors, employees, shareholders, partners, Representatives (as defined in the Purchase Agreement), consultants, attorneys, accountants, experts, financial advisors, investment bankers, dealer-managers, placement agents, and agents (each in their respective capacities as such), and (c) such other parties related to Buyer and Buyer's Affiliates (as defined in the Purchase Agreement) and Buyer's direct and indirect subsidiaries to which Section 10.8 of this Plan applies (each in their respective capacities as such), are hereby released from all claims, causes of action, and other assertions of liability of any Person or Entity whether directly, indirectly, derivatively, contractually, statutorily and/or otherwise based on any actions taken or not taken, or on any other matter or circumstance whatsoever occurring on or prior to the Initial Effective Date relating to the Debtors' business, the Chapter 11 Cases, the Plan or Disclosure Statement, provided, however that nothing herein shall relieve Buyer of its obligations under the Purchase Agreement and nothing in this Section 10.7 shall be construed as a release of any entity's fraud, malpractice, criminal conduct or willful misconduct. In no event shall Buyer have any liability or obligation for any Claim or Equity Interest in the Debtors arising prior to the Initial Effective Date other than the Assumed Liabilities.

10.8 Exculpation and Limitation of Liability. Except as provided in the Plan or the Confirmation Order, none of the Debtors, the Buyer, the Holders of ATI Note Claims, the ATI Note Trustees, the Holders of the Senior Lender Claims, the Creditors Committee nor the individual members thereof, nor any of their respective present or former members, representatives, officers, directors, shareholders, employees, advisors, attorneys or agents acting in such capacity, shall have or incur any liability to, or be subject to any right of action by, any Holder of a Claim or an Equity Interest, or any other party in interest, or any of their respective agents, direct or indirect shareholders, employees, representatives, financial advisors, attorneys or affiliates, or any of their respective successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct, criminal conduct, misuse of confidential information that causes damages, fraud, ultra vires acts or gross negligence, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan.

10.9 Discharge of Claims and Termination of Equity Interests. Except as provided in the Purchase Agreement, Plan or the Confirmation Order, pursuant to section 1141(d) of the Bankruptcy Code, (a) the rights afforded under the Plan and the treatment of all Claims and Equity Interests herein, shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and after the Commencement Date against any Debtor or any of its assets or properties (b) on the Initial Effective Date or each of the NTA Effective Dates, as applicable, all such Claims against, and Equity Interests in, any Debtor shall be satisfied, discharged and released in full and (c) all Persons and Entities shall be precluded from asserting against Reorganized STFI, the Buyer and the Reorganized Subsidiaries, and their respective successors or their assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Initial Effective Date or each of the NTA Effective Dates, as applicable.

10.10 Injunction. All injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105 and 362 of the Bankruptcy Code or otherwise and in effect on the Confirmation Date, shall remain in full force and effect until the closing of the Chapter 11 Cases pursuant to section 350(a) of the Bankruptcy Code. Subject to the occurrence of the Initial Effective Date, the entry of the Confirmation Order shall permanently enjoin all Persons that have held, currently hold or may hold a Claim or an Equity Interest in the Debtors from taking any of the following actions based on such Claim or Equity Interest, whether directly, indirectly, derivatively, contractually, statutorily and/or otherwise: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind against any or all of the Debtors, the Reorganized Subsidiaries, Reorganized STFI, the Buyer (together with its Affiliates and its Affiliates' respective members, shareholders, partners and Representatives (as defined in the Purchase Agreement)), ATLT or their respective property or assets, (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means, whether

directly or indirectly, any judgment, award, decree or order against any or all of the Debtors, the Buyer (together with its Affiliates and its Affiliates' respective members, shareholders, partners and Representatives (as defined in the Purchase Agreement)), ATLT or their respective property or assets, (c) creating, perfecting or enforcing in any manner, directly or indirectly, any Lien against any or all of the Debtors, the Reorganized Subsidiaries, Reorganized STFI, the Buyer (together with its Affiliates and its Affiliates' respective members, shareholders, partners and Representatives (as defined in the Purchase Agreement)), ATLT or their respective property or assets, (d) asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors, the Reorganized Subsidiaries, Reorganized STFI, the Buyer (together with its Affiliates and its Affiliates' respective members, shareholders, partners and Representatives (as defined in the Purchase Agreement)), ATLT or their respective property, and (e) proceeding in any manner in any place whatsoever that does not conform to or comply with or is inconsistent with the provisions of the Plan or the Purchase Agreement.

10.11 **Release of Liens** On the Initial Effective Date, except as otherwise provided in the Plan, all mortgages, deeds of trust, Liens or other security interests against the property of the Estates shall be released except Buyer's Lien on certain assets set forth in Section 10.12 of the Plan.

10.12 **Buyer's Lien on Certain Assets** Beginning on the Initial Effective Date, Buyer solely shall have a valid, first-priority, perfected Lien on any and all of the Non-Transferred Assets. The Confirmation Order shall permanently enjoin all Persons that have held, currently hold or may hold a Claim against or an Equity Interest in the Debtors or any Interest (as defined in the Sale Order) in the Non-Transferred Assets from taking any of the actions listed in Section 10.10 of the Plan that relate to the Non-Transferred Assets and/or are against Buyer or any individual, partnership, joint venture, corporation, business trust, limited liability company, trust, unincorporated organization, joint stock company, labor union, estate, governmental entity, or any other entity that Buyer directly or indirectly controls or is under common control with. Buyer's Lien on each Non-Transferred Asset shall remain valid and enforceable until the earlier of (a) the transfer of such Non-Transferred Asset from any Debtor to Buyer or (b) the receipt by Buyer of all of the proceeds from the sale of such Non-Transferred Asset.

10.13 **Applicability of Section 1125 of the Bankruptcy Code** The protection afforded by section 1125(e) of the Bankruptcy Code with regard to the solicitation of acceptances or rejections of the Plan and with regard to the offer, issuance, sale or purchase of the New STFI Common Stock, XO Common Stock, or any other security, shall apply to the full extent provided by law, and the entry of the Confirmation Order shall constitute the determination by the Bankruptcy Court that the Debtors, Buyer (together with its Affiliates and its Affiliates' respective members, shareholders, partners and Representatives (as defined in the Purchase Agreement)), the Creditors Committee (and any subcommittee thereof), the Senior Lenders, and each of their respective officers, directors, partners, employees, members, agents, attorneys, accountants, financial advisors, investment bankers, dealer-managers, placement agents, and other professionals, shall have acted in good faith and in compliance with the applicable provisions of the Bankruptcy Code pursuant to section 1125(e) of the Bankruptcy Code and that the Plan has been proposed in good faith and not by any means forbidden by law.

ARTICLE XI

RETENTION OF JURISDICTION

11.1 **Retention of Jurisdiction** The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Cases, the Plan and the Purchase Agreement pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of cure amounts and Claims resulting therefrom,

(b) To hear and determine the allowance of Claims arising out of or relating to Utility Services and Tariff Services,

(c) To hear and determine any and all adversary proceedings, applications and contested matters,

- (d) To hear and determine any objections to Administrative Expense Claims or any objections to or requests to estimate, any Claims,
- (e) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated,
- (f) To issue such orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code,
- (g) To consider any amendments to or modifications of, the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court including without limitation, the Confirmation Order or in the Plan,
- (h) To hear and determine all applications for compensation and reimbursement of expenses of Professionals under sections 328, 330, 331 and 503(b) of the Bankruptcy Code
- (i) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, any documents contained in the Plan Supplement, the Purchase Agreement and the Confirmation Order, including but not limited to Claims for indemnification thereunder,
- (j) To hear and determine disputes involving ATLIT
- (k) To recover all assets of the Debtors and property of the Debtors' Estates, wherever located,
- (l) To hear and determine all Avoidance Actions and Causes of Action which may be brought by ATLIT,
- (m) To hear and determine all disputes relating to Section 10.12 of the Plan including, but not limited to, disputes relating to the validity and enforcement of Buyer's liens on the Non-Transferred Assets and the entering, implementing and/or enforcing of such orders and/or injunctions as may be appropriate hereunder. Buyer shall have standing to assert claims or actions which are in any way related to or arising out of or based on or in any way connected with this provision of the Plan (including without limitation, Section 10.12 of the Plan) and the Purchase Agreement
- (n) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code,
- (o) To hear and determine matters concerning the Disputed Claims Reserve,
- (p) To hear any other matter not inconsistent with the Bankruptcy Code, and
- (q) To enter a final decree closing the Chapter 11 Cases

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 **Dissolution of the Creditors Committee.** On the Initial Effective Date, the Creditors Committee shall be dissolved and the members thereof shall be released and discharged of and from all further authority, duties, responsibilities and obligations relating to and arising from and in connection with the Chapter 11 Cases, and the retention or its employment of its attorneys or other Professionals shall terminate, provided, however, that the Creditors Committee shall continue to exist after such date with respect to (a) all applications filed pursuant to sections 328, 330 and 331 of the Bankruptcy Code seeking payment of fees and expenses incurred and (b) any matters pending as of the Initial Effective Date in the Chapter 11 Cases until such matters are finally resolved, including the Distributions under the Plan and any actions taken in connection with the Avoidance Actions and/or Causes of Action

12.2 **Payment of Statutory Fees.** With respect to each Chapter 11 Case, all fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid for each quarter until such Chapter 11 Case is converted, dismissed or closed, whichever occurs first. The Buyer and the Reorganized Subsidiaries shall have no liability for such fees.

12.3 **Payment of ATI Note Trustee Fees.** On the Initial Effective Date, the ATI Note Trustees (together with their attorneys, advisors and professionals) shall receive payment of any outstanding fees and reimbursement of expenses incurred by such Entities in connection with their role as an ATI Note Trustee. To the extent that payment of such fees is not made in full on the Initial Effective Date, the ATI Note Trustees will retain a lien on the Available Cash to the extent of any deficiency.

12.4 **Modification of the Plan.** Subject to the limitations contained in the Plan and the Purchase Agreement, (a) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to alter, amend or modify the Plan prior to the entry of the Confirmation Order, provided, however, that any material alteration, amendment or modification of the Plan shall be subject to (i) the consent of the Creditors Committee which shall not be unreasonably withheld, and (ii) the written consent of the Buyer, and (b) after the entry of the Confirmation Order, the Debtors, ATLT, the Reorganized Subsidiaries or Reorganized STFI, as the case may be, may (in each case with the consent of the Creditors Committee and the Senior Lenders, which consent may not be unreasonably withheld, delayed or conditioned by either the Creditors Committee or the Senior Lenders), upon order of the Bankruptcy Court, amend or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan. A Holder of a Claim or Equity Interest that has accepted the Plan shall be deemed to have accepted the Plan as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

12.5 **Severability.** In the event that the Bankruptcy Court determines that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void or unenforceable. Subject to the consent of Buyer which shall not be unreasonably withheld, delayed or conditioned, the invalidity, voidness or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

12.6 **Revocation or Withdrawal of the Plan.** The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date with the prior written consent of the Buyer, unless the Purchase Agreement shall have been terminated. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained in the Plan shall constitute or be deemed a waiver or release of any claims by or against the Debtors or any other Person or Entity or to prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors.

12.7 **Section 1145 Exemption.** Section 1145 (a) of the Bankruptcy Code provides that certain federal, state and local requirements regarding registration of securities do not apply to securities which are offered or sold under a plan of reorganization of a security of a debtor, of an affiliate participating in a joint plan with a debtor or of a successor to a debtor under the plan of reorganization. The Debtors have not obtained, and do not intend to obtain, a "no-action" letter from the Securities and Exchange Commission to the effect that the Securities and Exchange Commission will not take enforcement action if the New STFI Common Stock, and the XO Common Stock are issued in accordance with the provisions of the Plan without registration under the Securities Act of 1933.

12.8 **Section 1146 Exemption.** Pursuant to section 1146(c) of the Bankruptcy Code, any transfers of property pursuant hereto or, if applicable, pursuant to the Purchase Agreement, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

12.9 **Notices** All notices, requests and demands to or upon the Debtors or, on and after the Initial Effective Date, ATLT, to be effective shall be in writing and, unless otherwise expressly provided in the Plan, shall be deemed to have been duly given or made when actually delivered by messenger or required overnight courier service or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows

If to the Debtors or ATLT

Alliance Telecom Liquidating Trust

Attn _____
Facsimile _____

with a copy to

Kirkland & Ellis LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022
Attn: Jonathan S. Henes, Esq.
Facsimile (212) 446-4900

If to the Buyer

XO Communications Inc.
1111 Sunset Hills Road
Reston, Virginia 20190
Attn: Lou Weiner, Senior Vice President and General Counsel
Facsimile (703) 547-2025

with a copy to

Brown Rudnick Berlack Israels LLP
One Financial Center
Boston, Massachusetts 02111
Attn: Steven D. Pohl, Esq.
Facsimile (617) 856-8201

If to the Creditors Committee

Akin Gump Strauss Hauer & Feld LLP
590 Madison Avenue
New York, New York 10022
Attn: Ira S. Dizingoff, Esq.
Facsimile (212) 872-1002

If to the Senior Lenders

Paul, Hastings, Janofsky & Walker LLP
600 Peachtree Street, N.E., 24th Floor
Atlanta, Georgia 30308
Attn: Jesse Austin III, Esq.
Facsimile (404) 815-2424

12.10 **Governing Law** Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable or to the extent an exhibit to the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law of such jurisdiction.

12.11 **Withholding and Reporting Requirements** In connection with the consummation of the Plan, the Debtors, the Reorganized Subsidiaries, Reorganized STFI, and ATLT, as the case may be, shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all Distributions hereunder shall be subject to any such withholding and reporting requirements.

Dated: New York, New York
March 18, 2004

By: /s/ Mark B. Tresnowski
Mark B. Tresnowski
Executive Vice President
General Counsel and Secretary
(Allegiance Telecom, Inc.)

**DEBTORS' JOINT PLAN OF REORGANIZATION
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

**SCHEDULES 1 THROUGH 5
(TO COME)**